

Message Text

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ORIGIN STR-07

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 COM-02 AGRE-00
CEA-01 CIAE-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 /128 R

DRAFTED BY STR:PHEISE:CTB
APPROVED BY STR:WKELLY/AHUGHES
-----066605 111002Z /21
R 110044Z MAY 78
FM SECSTATE WASHDC
TO USMISSION GENEVA
INFO AMEMBASSY HELSINKI

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USMTN

E.O. 11652: N/A

TAGS: MTN, ETRD

SUBJECT: MEETING WITH FINNS ON VODKA

1. SUMMARY. ISOARA, FINNISH EMBASSY, AND AHOLA, ALKO
EXPORT SALES MANAGER CALLED AT STR TO PUSH FOR MTN TARIFF
FORMULA REDUCTION ON VODKA. HEISE, STR, NOTED THAT VODKA IS
NOT INCLUDED IN U.S. OFFER BECAUSE IT WAS NOT REQUESTED BY
PRINCIPAL SUPPLIER. U.S. STANDS READY TO CONSIDER AN OFFER
IF SUFFICIENT RECIPROCITY IS RECEIVED. U.S. IS WAITING
RESPONSE FROM FINNS TO DETERMINE WHETHER THEIR RESPONSE IS
OF SUFFICIENT VALUE TO OFFER VODKA. AHOLA WILL CHECK WITH
HIS COLLEAGUES IN HELSINKI TO SEE WHAT PROGRESS THEY ARE
MAKING ON A RESPONSE. END SUMMARY.

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2. ON MAY 8, MARTTI ISOARA, SECOND SECRETARY EMBASSY OF
FINLAND, AND JACK AHOLA, EXPORT SALES MANAGER, ALKO AB,
HELSINKI CALLED ON PAUL HEISE STR NORDIC COORDINATOR CON-
CERNING FINLAND'S REQUEST FOR FORMULA REDUCTION ON VODKA
(TSUS 168.52) IN MTN.

3. ISOARA NOTED THAT FINLAND HAS PROBLEMS WITH USG, SUCH AS STEEL, CHEESE, AND SOFORTH ON WHICH THEY HAVE NOT BEEN TOO SUCCESSFUL BUT HOPED THAT VODKA WAS SOMETHING THAT COULD BE BROUGHT TO A MUTUALLY SATISFACTORY CONCLUSION.

4. AHOLA NOTED DISADVANTAGE THAT FINLANDIA VODKA HAS WHEN COMPARED TO LOWER DUTIES PAID BY "FLAVORED VODKAS" SUCH AS GIN AND AQUAVIT. HE CLAIMED THAT FINLANDIA'S SALES IN-
CREASING SHARPLY (PROJECTED 50,000 CASES IN 1978) AND NOW PROBABLY GREATER THAN POLISH VODKA, WHICH WOULD BE PRINCIPAL MFN SUPPLIER AND CONCESSION BENEFICIARY BASED ON PRIOR YEARS.

5. HEISE EXPLAINED U.S. PRINCIPAL SUPPLIER RULE IN MAKING OFFERS ON PRODUCTS SUBJECT TO GROUP AGRICULTURE PROCEDURES. FOLLOWING EXPRESSIONS OF STRONG INTEREST BY THE FINNS IN THE U.S. MARKET, HEISE INDICATED THAT AN OFFER COULD BE CON-
SIDERED IN THE ABSENCE OF A REQUEST BY THE PRINCIPAL SUP-
PLIER ONLY IN EXCEPTIONAL CASES IN WHICH THE REQUESTING COUNTRY WAS PREPARED TO OFFER SUFFICIENT RECIPROCITY TO MAKE A CONCESSION WORTHWHILE.

6. ISOARA SUGGESTED THAT NEGOTIATION MIGHT BEST BE MOVED TO HELSINKI WHERE BEVERAGE EXPERTS WOULD UNDERSTAND BETTER. HEISE SUGGESTED THAT NEGOTIATION SITE WAS GENEVA, NOT WASHINGTON OR HELSINKI BUT THAT CAPITOLS COULD BE WELL LIMITED OFFICIAL USE

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INFORMED AND HAVE THEIR INPUT AS APPROPRIATE.

7. AHOLA WILL DISCUSS SITUATION WITH HELSINKI BUYING AND TRADE AUTHORITIES BECAUSE HE DOES NOT WANT JULY 15 TO PASS WITHOUT AGREEMENT TO REDUCE DUTY ON HIS PRODUCT.
VANCE

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